



Pinnacle Bank

Member FDIC

September 20, 2005

Mr. John F. Carter
Regional Director
Federal Deposit Insurance Corporation
25 Jessie Street at Ecker Square, Suite 2300
San Francisco, CA 94105

RE: Comments Regarding FDIC Application #20051977; Wal-Mart Application for Insurance and Industrial Bank Charter

Dear Mr. Carter,

Please accept my comments on the Wal-Mart Stores, Inc., application for a Utah industrial bank or industrial loan company charter (ILC) and federal deposit insurance. Pinnacle Bank – Ogallala opposes the application and hereby urges the FDIC to deny the same. Pinnacle Bank further requests the FDIC to conduct a public hearing on the application and the serious public policy issues it raises. I object to Wal-Mart's omission of essential elements about the company's plans for the ILC from the public portion of its application. Lack of this essential information makes it impossible for the public to adequately assess the application or fully comment on it. The application by the world's largest company, presents issues involving the mixing of banking and commerce, impartial allocation of credit, economic concentration, banking supervision, extension of federal safety net and losses to taxpayers and community disinvestments.

The linchpin of the financial and economic system of the United States is the principal of the separation of banking and commerce. This tradition has resulted in the most vibrant, successful, and diversified economic and financial system in the world. The wall separating banking and commerce prevent conflicts of interest and undue concentration of resources, and ensure the impartial allocation of credit so vital to economic growth and development and to a safe and sound financial system.

The Wal-Mart application presents a prime example of the dangers of mixing banking and commerce and in Wal-Mart's particular case, these dangers are amplified because of the company's enormous size, market clout and role in destroying the vitality of many small town centers.

Numerous small towns and communities have experienced the devastating loss of locally-owned and operated retailers, and disinvestment after Wal-Mart establishes a store in their community. Because of this common history and experience of many communities, I am concerned what will happen to credit availability along with customer and community service if a Wal-Mart bank would open and siphon deposits from Ogallala and other locally owned and operated community banks, impairing our ability to continue to support economic growth and development in Ogallala lending, and driving them out of business.

Will a competing local hardware or clothing store, a local pharmacy, or someone wishing to establish a new store, be able to obtain credit from a proposed Wal-Mart bank, or want to even share it's confidential business plans with a Wal-Mart bank? A Wal-Mart bank would have no incentive – in fact it would have a disincentive – to lend to businesses that compete with its parent company. Instead of making impartial credit decisions based on the credit worthiness of the borrower, the Wal-Mart bank would have incentive to deny credit, not on merits, but because of a conflict of interest and its relationship with Wal-Mart.

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There is also the danger that Wal-Mart would export deposits out of Ogallala and other local communities. This has been the current pattern of the large retailer when it establishes itself in a local community. The retailer's deposits do not stay with local banks, but rather are transferred to the stores headquarters. This pattern in the past has had a devastating effect on local communities as retail dollars spent in the community are exported elsewhere and do not remain in the community to support local lending and economic development.

For these reasons and many more, Pinnacle Bank – Ogallala urges the FDIC to reject Wal-Mart's application for Federal Deposit Insurance for a Wal-Mart (ILC). The application presents serious public policy issues inherent in the mixing of banking and commerce and in the ILC loophole and warrants a public hearing to allow adequate public comment. The issues presented, conflicts of interest, economic concentration, lack of impartial credit decisions, inadequate holding company supervision, and inappropriate extension of the federal safety net, are amplified by Wal-Mart's size and market clout. The threat of community disinvestment is particular acute in this case because of Wal-Mart's track record and destructive impact in hundreds of communities across the United States. Our nation's long standing principal of separation of banking and commerce, reaffirmed in the Gramm-Leach-Bliley Act, is the underpinning for our stable and highly successful economy and financial system and should not be allowed to be skirted by the world's largest commercial company.

Sincerely,



Brad Bauer, President

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cc: Honorable Tom Osborne (*via facsimile only*)
Honorable Chuck Hagel (*via facsimile only*)
Honorable Ben Nelson (*via facsimile only*)